



“Insurance Agent of the Future”

By Frank Pennachio, Co-Founder of Oceanus Partners

When we think of the future, we often wonder about how life might eventually be lived, about how much better it could be. We think of commodities such as improved machinery that might help us function better and more independently in a circumstantial world. But most of all when we think of the future, we think of change. “Everything will be different.” “I will be different.” Most certainly, the role of the insurance agent will be different. No longer will an agent be able to commoditize their clients when they, themselves, have become the commodity.

Changing before our eyes is the landscape of the traditional insurance agent. And while the market will always remain malleable, the insurance agent must prepare them self for flexibility. What is happening now is a diminishing role for agents in risk selection and pricing. The reality is carriers aren't going to rely on your “gut instinct,” as advancements in the science of data analytics has all but erased nearly every need for educated guesses. As Rik Kirkland of McKinsey & Company Analytics wrote in his May 2017 article regarding the difference between data and human beings:

Data has some natural superiorities to humans for some things. It can see more. It can observe more from a growing body of information-technology sensor networks, traffic lights, et cetera. Humans just don't have the kind of eyes wide enough to see what's going on within a traffic network.

The entire function of the traditional insurance agent, one

who would estimate risk and claims with a gut feeling and whatever experience they had, is rapidly becoming obsolete.

Consumer buying habits have changed. Evolving underwriters and the increased use of analytics and data risk selections have reshaped the role. Insurance agents must provide many more and different services than they have ever needed to before. In addition, they must be self-sufficient explorers on the frontier of the online insurance marketplace.

Formerly the traditional agent fulfilled numerous roles. They were the ambassadors between the customers and the insurance companies. They would base claims and risk more on instinct and education, ideally historically based. However, now the agent must adapt to a world that seems to be phasing out the necessity of that mediation. The entire landscape of the agent is changing from a physical world to an analytical and digital one. This technological revolution of the insurance industry has evidently, and inevitably, changed the way insurance agencies do business. Connections with customers previously relied almost universally upon the insurance agent. Now there is a more direct line of access to the insurance companies themselves. This has caused insurance companies over the years to rethink their current strategies with regards to their insurance distribution business model.

Agents now, absent the role of the mediator between the agency and the customer, must adapt to survive. Their relationship with the customer must become more one of consultation, rather than product placement. An agent must now also become a



“Insurance Agent of the Future”

reliable, accessible tool for their customers, available on their time, if they are to be able to compete in the new marketplace.

Another piece done by the associates at McKinsey & Company titled *Agents of the Future: The Evolution of Property and Casualty Insurance Distribution* suggests the rise of what they refer to as the “Multichannel.” They describe this Multichannel as a model of convenience for the customer, whichever channel the customer feels are most convenient when shopping for commercial insurance (telephone, online, self-service, face-to-face, etc.) Adaptable agents must maintain at least that level of accessibility, and provide a satisfying, even enjoyable, customer experience.

Obviously, agents must become more available on the internet. Many more customers would rather go to TurboTax than to a tax agent, Expedia than to a travel agent. The insurance agent of the future is available with competitive immediacy when compared to insurance purchasing websites. However, the agent of the future is more valuable than a website. The agent of the future is going to be an indispensable facet of a customer’s commercial insurance, an official partner in the longevity of their clients.

Agents must help *improve* a client’s business. The relationship between the customer and the agent has shifted into a more consultative form. Where customers used to have to come to the local insurance business and purchase insurance at the impression of an agent, today agents must form a relationship with the customer lest be eliminated from contention. The agent must have a genuine interest in the longitude of the customers they service because these customers are the only components of an evolving marketplace that could see any value in a relationship with them.

Agents must satisfy numerous new roles. In addition to the reformed relationship with the customer, the agent of the future must exude new value. Identifying and addressing previously unknown risks and help prevent new ones. Help prevent losses that could be influenced

by the insurance buying process.

Most importantly the agent of the future must be a leader. They must help the customer become a part of the conversation. They must make customers feel like they are benefiting from their relationship. Agents must be active in deciding about which risks transfer to the insurance company, while simultaneously representing their clients with sustained integrity. The role of the agent is only sustainable if they attain a high capacity for analytics, understanding not only how to read and record data about the present commercial insurance marketplace, but also able to predict new trends in transactions and technologies.

New technologies are on the forefront of the insurance world of tomorrow. This is a result of the private sector injecting equity into new technologies. Insurance is already available online; it’s only a matter of time for the traditional insurance agent to either adapt, or perish. Evidence of this technological forefront is everywhere. For example, in March of this year, Traveler’s Insurance, one of the three largest insurance writers in the United States, purchased a UK insurance company Simply Business. At the time of the purchase Simply Business was the leading UK distributor of small business insurance, offering customers products available online. Traveler’s CEO Alan Schnitzer called Simply Business “a profitable and growing technology company with impressive strategic digital capabilities. These qualities: profitable, technologically growing, strategic, and digitally capable; these are the qualities of the agent of the future.

Right before our eyes we have seen, in what seems like a night and day difference, the evolution of not only the insurance industry, but the insurance agent as well. Understanding the new trends of the marketplace, especially under the influence of technological renovations and inventions, is crucial to the sustainability of agencies and agents alike. New circumstances are constantly on the horizon. The best way to be prepared for the future of the market is to be current in the present.



“Insurance Agent of the Future”

About the Author

Frank Pennachio, Co-founder



Frank Pennachio has more than 30 years of experience in the insurance industry as an agency owner and as a sales and marketing consultant to independent insurance agents. He has consulted with agency owners and trained more than

1,000 agents in the past decade, encouraging them to develop their expertise in all areas of protecting an employer’s workforce.

Frank is an accomplished speaker, presenting at national conferences and seminars to agents, employers and other insurance professionals.

In addition, he frequently writes articles on Self-funded Group Health, Workers’ Compensation, Sales & Selling, and Lead Generation for industry publications including American Agent & Broker, Risk and Insurance, Professional Insurance Agent, HR Magazine and Insurance Journal. He is recognized as an expert in the Workers’ Compensation community.

About Oceanus Partners

Oceanus Partners is a consulting and training organization for insurance industry professionals. We believe our clients strive toward two goals—sustainable growth and profitability. Using a collaborative approach, we lead clients through a process of developing a strategic plan for attracting, acquiring and retaining profitable business while at the same time assuring that their people, processes and technology can support the initiatives necessary to win in the marketplace.

To learn more about Oceanus Partners, engagement opportunities and our complimentary assessment, visit www.oceanuspartners.com or call 888-496-1117 ext 2.